

LEGISLATIVE AUDIT COMMISSION



Review of
Department of Corrections
Stateville Correctional Center
Two Years Ended June 30, 2000

622 Stratton Office Building
Springfield, Illinois 62706
217/782-7097

REVIEW: 4146
DEPARTMENT OF CORRECTIONS
STATEVILLE CORRECTIONAL CENTER
TWO YEARS ENDED JUNE 30, 2000

FINDINGS/RECOMMENDATIONS - 6

ACCEPTED - 2
IMPLEMENTED - 4

REPEATED RECOMMENDATIONS - 3

PRIOR AUDIT FINDINGS/RECOMMENDATIONS - 4

This review summarizes the audit of the Stateville Correctional Center for the two years ended June 30, 2000, filed with the Legislative Audit Commission April 13, 2001. The auditors performed a compliance audit. The auditors also performed certain agreed upon procedures with respect to the accounting records of the Center to assist the audit of the entire Department.

Stateville, located near Joliet, is a maximum security facility which opened in 1925. As a maximum security facility, Stateville recognizes its obligation to prevent escapes, deter aggression and control contraband. There are nine housing units inside the walls, as well as a minimum security unit located approximately one mile from the main facility.

During the two-year period under review, Dwayne Clark was the warden from July 1, 1998 through May 15, 1999. James Page served as warden from May 16, 1999 through June 30, 2000. The current warden is Kenneth Briley.

Selected activity measures include the following:

<i>Measure</i>	<i>FY2000</i>	<i>FY99</i>
Rated Capacity	2,000	2,000
Average Number of Inmates	2,632	2,506
Cost per Inmate	\$ 23,158	\$ 22,818
Average Number of Employees	938	946
Ratio of Correctional Officers to Inmates	1 to 4.2	1 to 3.8
Number of Correctional Officers	553	558
Hospital/Medical Costs	\$ 2,933,145	\$ 2,460,696

Expenditures From Appropriations

REVIEW: 4146

The General Assembly appropriated a total of \$61,203,100 to the Center for FY2000. Appropriations and expenditures for the two years under review are shown in Appendix A. Expenditures increased from \$56,042,099 in FY99 to \$61,140,407 in FY2000, an increase of \$5,098,308, or 9.1%. Personal services expenditures increased \$1.9 million from FY99 to FY2000. In FY2000, the Center, instead of DOC's Central Office began picking up the employee share of retirement contributions, which totaled more than \$2 million. Lapse period expenditures totaled \$3.4 million, or 5.5% of total expenditures in FY2000.

Inventories and Property and Equipment

The Center's inventories at June 30, 2000 and June 30, 1999 appear in Appendix B. The inventory increased from \$839,436 as of June 30, 1999 to \$905,896 as of June 30, 2000.

Appendix C summarizes the changes in property and equipment. The beginning balance as of July 1, 1998 was \$61,440,624, compared to an ending balance of \$66,342,050 as of June 30, 2000.

Locally Held Funds

The information in Appendix D summarizes the transactions of the Center's locally held funds for the year ended June 30, 2000. The beginning balance was \$405,863 compared to an ending balance of \$593,484. There were no significant changes in locally held funds nor were there any new locally held funds. Also, no new banks or depositories were noted during the period. The Employees' Benefit Fund has an annual interest rate of 1%, while the Inmates' Benefit Fund pays 1.5% interest. The annual interest rate is 1.51% for the Inmates' Commissary Fund and the Inmates' Trust Fund.

Accountants' Findings and Recommendations

Condensed below are the six findings and recommendations presented in the audit report. There were three repeated recommendations. The following recommendations were classified on the basis of information provided Mark Krell, Chief Internal Auditor, Department of Corrections, in a memo received via electronic mail on May 21, 2001.

Accepted

- 1. Continue reconciliation of Inmate Trust Fund and ensure recording of all duplicate checks. Apply adequate disaster recovery plan control mechanisms to the FACTS system and test the system to ensure against duplicate checks.**

REVIEW: 4146

Findings: The Center did not have an adequate disaster recovery plan. In June 2000, the Center experienced a power outage. When the outage occurred, the business office staff was processing Inmate Trust Account checks. However, after the power was restored, the system did not record previous checks processed. Subsequently, staff determined that the system processed 11 duplicate checks after the power was restored. Additionally, 18 checks cleared the bank with amounts different from the amounts recorded on the general ledger. These checks were likely duplicate checks also.

Due to the issuance of duplicate checks, the Inmate Trust Account bank statement have not been properly reconciled to the general ledger for the month of June 2000. Prudent business practice requires application and implementation of computer system mechanisms to prevent the issuance of duplicate checks. The issuance of duplicate checks and an inability to fully reconcile cash accounts for three months led to a loss of control over Inmate Trust Fund accounts. Center management stated that staff did not realize the system issued duplicate checks and that the system failed to recover necessary data after the power loss.

Response: Partially implemented. The updated FACTS software, which includes restart procedures that will prevent the errors experienced above, was recently installed. On May 1, 2001, the Center hired an accountant to oversee the reconciliation of the trust fund checking account, and this reconciliation process is ongoing.

6. Develop plans to enable staff to meet training requirements. (Repeated-1998)

Findings: Employees of the Center did not receive the required minimum annual training. Of the 18 employees tested in FY2000 and FY99, 10 in FY2000 and eight in FY99 did not receive the minimum hours of required training. DOC's administrative directive requires that all employees receive 40 hours of training per fiscal year. Staff who rarely make inmate contact are required to receive 16 hours. Center management states that inability to meet the minimum annual training requirements was due to staff shortages and the number of staff needed to maintain critical security positions.

Response: Accepted. Center management has developed plans to meet training requirements. The Center has addressed the budgetary concerns that caused the staff shortages and has hired additional staff allowing employees to receive their annual training.

Implemented

2. Ensure adequate segregation of duties for business functions. (Repeated-1998)

Findings: The Center lacked adequate segregation of duties. One employee has the responsibility for the check printing process and the distribution of vendors' checks. Five employees input vouchers and have authority to release vouchers for payment. The Business

REVIEW: 4146

Administrator and the Business manager have the authority to input, delete and change information, and approve voucher payments. Center management stated that lack of adequate segregation of duties is due to insufficient staff allocated to the Trust and Account Department.

Implemented - concluded

Response: Implemented.

3. Implement controls to ensure that expenditures conform to appropriations authorized by the General Assembly.

Findings: The Center had inadequate controls over operation of automobile expenditures. The Center paid for repairs to six State vehicles that were not assigned to the Center or its personnel.

Response: Implemented. The Center has changed personnel at the motor pool and established adequate controls over automotive expenditures. A Correctional Maintenance Craftsman oversees all automotive work, and a Correctional Supply Supervisor verifies all receiving documents for automotive work. In the business office, the voucher clerk checks and verifies all automotive invoices for accuracy prior to payment.

4. Implement procedures to ensure proper physical inventory count and monthly input into the computer system. Directly report and investigate significant and/or unexpected fluctuations.

Findings: Significant commissary profit fluctuations were identified in the Inmate Commissary Fund. In FY99, profits and losses varied from a loss of \$15,000 in February to a profit of \$27,000 in March. In FY2000, there was a \$4,000 loss in September; \$42,000 profit in October; \$20,000 profit in November; \$6,000 loss in April, and a \$20,000 profit in May.

Center management stated that monthly fluctuations are the result of incorrect inventory count or incorrect input into the computer system.

Response: Implemented. A new commissary manager is responsible for the physical monthly inventory, and a new accountant has been hired who oversees the computer input of the inventory counts into FACTS. Additionally, the business manager is responsible to investigate and document significant fluctuations in commissary profits.

5. Ensure that sufficient staff is performing proper and accurate monthly reconciliations. Significant reconciliation differences should be reported and

investigated by management in the month in which they occurred. (Repeated–1998)

Findings: The Center did not perform proper reconciliations for locally held funds. As a result, the September 30, 1999 and March 31, 2000 reports to the Comptroller did not reconcile with the general ledger, and outstanding loans between the locally held funds did not reconcile as of June 30, 1999 and June 30, 2000. The C-17 submitted to the Comptroller's Office overstated the cash balance in the Inmate Commissary Fund by \$100,000 for September 30, 1998, and by \$73,559 for March 31, 2000.

There was a difference of \$173,235 and \$236,103 in FY99 and FY2000 between the accounts receivables and payables among the locally held funds.

Center management stated that improper reconciliations were due to turnover and/or shortage of staff.

Response: Implemented. On May 1, 2001, the Center hired an accountant who oversees the monthly reconciliations. Additionally an Excel spreadsheet was developed to assist in the completion of the quarterly and annual reconciliation forms.

Emergency Purchases

The Illinois Purchasing Act (30 ILCS 505/1) states, "The principle of competitive bidding and economical procurement practices shall be applicable to all purchases and contracts..." The law also recognizes that there will be emergency situations when it will be impossible to conduct bidding. It provides a general exemption for emergencies "involving public health, public safety, or where immediate expenditure is necessary for repairs to State property in order to protect against further loss of or damage ... prevent or minimize serious disruption in State services or to insure the integrity of State records. The Chief procurement officer may promulgate rules extending the circumstances by which a purchasing agency may make 'quick purchases', including but not limited to items available at a discount for a limited period of time."

State agencies are required to file an affidavit with the Auditor General for emergency procurements that are an exception to the competitive bidding requirements per the Illinois Purchasing Act. The affidavit is to set forth the circumstance requiring the emergency purchase. The Commission receives quarterly reports of all emergency purchases from the Office of the Auditor General. The Legislative Audit Commission is directed to review the purchases and to comment on abuses of the exemption.

During FY99, the Stateville Correctional Center filed five emergency purchases for various repairs to the Center totaling \$160,638.63. In FY2000, the Center filed five emergency purchases for various repairs totaling \$503,238.00. In two instances, electrical feeder lines were replaced at different locations within the Center for \$161,800 each.

REVIEW: 4146